

VZCZCXYZ0000
RR RUEHWEB

DE RUEHLP #0884 0921956
ZNR UUUUU ZZH
R 021956Z APR 07
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 3011
INFO RUEHAC/AMEMBASSY ASUNCION 6676
RUEHBO/AMEMBASSY BOGOTA 3999
RUEHBR/AMEMBASSY BRASILIA 7886
RUEHBU/AMEMBASSY BUENOS AIRES 5140
RUEHCV/AMEMBASSY CARACAS 2364
RUEHPE/AMEMBASSY LIMA 2480
RUEHMD/AMEMBASSY MADRID 3404
RUEHMN/AMEMBASSY MONTEVIDEO 4520
RUEHZP/AMEMBASSY PANAMA 0256
RUEHQT/AMEMBASSY QUITO 5009
RUEHSG/AMEMBASSY SANTIAGO 9590
RUEHUB/USINT HAVANA 0243
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUMIAAA/USCINCSO MIAMI FL
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC
RUEANHA/FAA NATIONAL HQ WASHINGTON DC
RUEAYVF/FAA MIAMI ARTCC MIAMI FL
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 000884

SIPDIS

SENSITIVE
SIPDIS

STATE FOR EB/TRA/OTP, EB/TRA/AN, WHA/AND LPETRONI
STATE PASS TO DOT FOR CCOLDREN AND BHEDBERG
STATE PASS TO FAA FOR CCAPESTANY AND KBERQUIST
STATE PASS TO FAA MIAMI FOR MASHBY
COMMERCE FOR JANGLIN

E.O. 12958: N/A
TAGS: [FAIR](#) [ECON](#) [PGOV](#) [BL](#)
SUBJECT: BOLIVIA'S NATIONAL CARRIER: FINALLY GROUNDED?

REF: LA PAZ 725

11. (U) Bolivia's transportation superintendent suspended Lloyd Aereo Boliviano's domestic and international operations March 30, citing the firm's frequent flight cancellations and shaky finances. The carrier now has 90 days in which to demonstrate operating capacity and financial solvency; if it fails, it will lose its license.

12. (U) Labor Union President Willy Quinteros declared March 30 that the government's decision would deliver a "final blow" to the airline, calling on the GOB to intervene to save the carrier's 900 jobs and hinting at the possibility of "pressure measures" if the government refused to help. Vice President Garcia Linera did just that, announcing that the GOB "would not take charge of a business with a multi-million dollar debt" and vowing not to "risk public patrimony for the misdeeds of bad businessmen." The vice president added that the government would consider establishing a new national carrier to serve the domestic market.

13. (U) Comment: Despite some employees' reported optimism, resuscitating the carrier seems an almost impossible task. Cash flow problems have forced it to survive week to week (reftel), and debts stand at an estimated \$140 million. Foreign investors could offer salvation, but the chances of finding a willing investor are slim -- and with the company's top executives in jail, there seem few people capable of devising a solution. End comment.
GOLDBERG